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2 August 1952

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT : Concurrence in the Attached Paper on the Subject
of CONTROL OF CODE DESIGNATIONS

1. This Office concurs in the procedure proposed in the attached paper, but we feel compelled to explain that compliance with Paragraph F(2) of this procedure will: (a) necessitate a complete revision of our covert payroll accounting and processing procedures; (b) require the establishment of duplicate payroll and card files in true name and pseudonym; (c) require the establishment of an elaborate "cut-out system" within our covert Payroll Branch which will require a considerable increase in personnel; and (d) require the sacrifice of certain routine fiscal controls which will result in an increased number of mechanical errors in pay accounts.

2. Briefly stated, the problem is this:

a. Some of the documents which comprise an individual's payroll file and form the basis and authority for payment, are in true name, and some are in pseudonym.

b. Duty Status reports and correspondence from overseas stations concerning an individual pay account are in pseudonym, and that part of the individual's pay account which is made at the overseas station is receipted for by the individual in pseudonym. However, that portion of the individual's salary that is paid to the individual's bank account in the United States must be paid by a check in the true name of the individual.

c. It is therefore essential that true name authorizing documents and pay data, and the pseudonym authorizing documents and pay data be audited both together at some point, or alternatively that they must be audited separately in segments and then reported to a "cut-out" point in the Payroll Branch that must have access to both true name and pseudonym. If this is done the "cut-out" point would then have to audit and reconcile the two segments and issue appropriate instructions to the auditors or clerks handling the true name and pseudonym segments of an individual pay account.

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NO CHANGE in Class. ☐

☐ DECLASSIFIED

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3. A series of discussions have been held with I&S and representatives of the other offices that have concurred in the attached paper, and I&S representatives have made an inspection of our present records and systems. At these discussions the disadvantages and difficulties of separate files for pseudonyms and true names in the Payroll Branch have been discussed in detail and no method has been found for making such a segregation without incurring the difficulties and disadvantages mentioned in Paragraph 1. above. However, it was the consensus of opinion that the security hazards of maintaining true names and pseudonyms together on the same card file were such that the Finance Division should make the segregation despite the accompanying disadvantages. It was recognized, however, that compliance with Paragraph F(2) by the Finance Division would not be possible until a revision of payroll accounting and processing procedures were effected and duplicate files established.

4. If it is decided that security requires a physical segregation of true names and pseudonyms in our Payroll Branch, we shall abide by that decision and take positive action to establish the best possible system to bring this about. However, since this will involve a major revision of our payroll accounting and processing procedures, it will take some time to effect such a change.

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E. R. SAUNDERS
Comptroller

Attachment

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